



August 2013

Change in Method for Calculating Multi-Family and Mobile Home Park Water Usage Charges

At its July 9 meeting, the Hayward City Council adopted new water rates, effective October 1, along with a new method by which water usage fees will be calculated for multi-family properties (with five or more dwelling units) and mobile home communities. The new method will link average per-dwelling unit water usage with the water usage charge and result in a more equitable overall water bill. In many cases, multi-family and mobile home park customers will see a decrease in their water bills.

The City presently treats multi-family customers and mobile home communities as commercial entities, subject to the two-tier rate structure. Under this structure, the first 200 hundred cubic feet (also known as ccf) of water used in a two-month billing period are charged at a lower rate and the remaining usage is charged at the higher rate. 200 ccf is equivalent to about 150,000 gallons of water, or 2,500 gallons per day. The service fee, based on the meter size, is added to the water usage charge to arrive at the final bi-monthly billing.

While this approach was an attempt to help maintain a good balance between residential and non-residential water charges, and the top commercial tier rates have consistently been lower than comparable single-family residential top tiers, the method has not worked well for some multi-family customers with many dwelling units. This fact prompted the City to investigate an alternative method that would improve the distribution of costs between multi-family and single-family residential users and define a better relationship between water consumed within dwelling units and the cost for purchasing the water.

The new method, which will go into effect on October 1, involves four basic steps to calculate bimonthly billings for mobile home parks and multi-family properties:

1. Divide total metered consumption by the number of dwelling units.
2. Apply the four-tier multi-family rate structure, shown below, to the per-dwelling-unit usage to determine the water usage fee per dwelling unit.
3. Multiply the water usage cost by the number of dwelling units.
4. Add the service fee to the water usage fee to determine the total water bill.

The rate structure, referred to in Step 2, will be as follows:

Per Dwelling Unit Usage	Water Usage Rate
1 – 8 ccf (100 gallons per day)	\$5.60
9 – 16 ccf (100 to 200 gallons per day)	\$5.75
17 – 20 ccf (200 to 250 gallons per day)	\$5.90
Over 20 ccf (more than 250 gallons per day)	\$6.40

Let's apply the current and new methodologies and rates to a real life example to illustrate how the calculations are performed and the impact on customers. As an example, a multi-family property with 198 dwelling units uses an average of 2,600 ccf of water, or about 32,400 gallons per day, during a two-month billing period, through a 4-inch meter.

Current Method and Rates

Step	Result
1. Multiply 200 ccf by the first commercial tier (\$5.15):	\$1,030
2. Multiply 2,400 ccf by the second commercial tier (\$6.10):	\$14,640
3. Add the service fee for 4" meter:	\$476
Total	\$16,146
Cost per dwelling unit	\$81.54

New Method and Rates

Step	Result
1. Divide 2,600 ccf by 198 dwelling units	13 ccf/ dwelling unit
2. Apply rates to 13 ccf:	\$73.55 per dwelling unit
a. 8 ccf at \$5.60	
b. 5 ccf at \$5.75 ccf	
3. Multiply per dwelling unit cost by 198 units	\$14,563
4. Add the service fee for 4" meter	\$476
Total	\$15,039
Cost per dwelling unit	\$75.95

As you can see, there is a *decrease* of about 7% in the billing. A single-family residential customer will pay \$73.95 for the same quantity of water beginning on October 1, 2013, with a further adjustment on October 1, 2014 that will bring the cost to \$78.50. This represents increases of about 6% in each year. The mobile home park/multi-family rates will not increase in 2014. Of course, the new rate structure will impact all properties differently depending on water usage and meter size.

Please note that the new rate structure does not apply to irrigation accounts, only water accounts that serve indoor uses. Irrigation accounts will continue to be billed as commercial services.

If you have questions or need further clarification, please do not hesitate to contact Marilyn Mosher. Marilyn can be reached by email at marilyn.mosher@hayward-ca.gov or by telephone at (510) 583-4723, and will be happy to go over the calculations with you.